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TRADE AND DEVELOPMENT BOARD

Seventeenth Session (Second Part)

SUMMARY RECORD OF THE 496th MEETING

held at the Palais des Nations, Geneva,
on Tuesday, 4 April 1978, at 2.15 p.m.

President: Mr. de ALWIS (Sri Lanka)

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OTHER BUSINESS (agenda item C) (continued):

REPORT OF THE WORKING PARTY ON THE MEDIUM-TERM PLAN 1980-1985
(TD/B/(XVII)/WP/L.1 and Add.1-10, TD/B/L. 503 and Add.1)

1. Mr. JARAMILLO (Colombia), Chairman of the Working Party, said that it would be recalled that the Board had decided that the composition of the Working Party of the Board for its seventeenth session would be the same as it had been for the sixteenth session, on the understanding that substitutions would be permissible within the group of 19 members. The Board had also ruled that the Working Party would be open to all interested delegations and that it would elect its Chairman and Vice-Chairman/Rapporteur from among its members.
2. At the first meeting of the Working Party, he himself had been elected Chairman and Mr. P. Kwaśniewski (Poland) had been elected Vice-Chairman/Rapporteur.
3. The Board had previously decided that the Working Party should meet annually to consider, in alternate years, the programme budget and the medium-term plan of UNCTAD. Consequently, in the current year, the Working Party had considered the medium-term plan 1980-1985 (TD/B/591 and Corr.1).
4. The Working Party had met from 21 March to 5 April, and held eight meetings and had examined the following specific UNCTAD programmes: money, finance and development; commodities; manufactures and semi-manufactures; shipping, ports and multi-modal transport; transfer of technology; economic co-operation among developing countries; trade among countries having different economic and social systems; least developed, land-locked and island developing countries; insurance; and trade facilitation.
5. In every case, a preliminary statement by the senior member of the secretariat responsible for the programme in question had been followed by a series of questions and answers and then a discussion in a spirit of constructive criticism. At the end of the discussion on each individual programme, the spokesman of the Group of 77, Group B, Group D and China had made general statements, all of which were reproduced in extenso in the Working Party's report (TD/B/(XVII)/WP/L.1 and Add.1-10). The amendments adopted by the Working Party to its report were to be found in document TD/B/L.503, which also contained two additional paragraphs that constituted the final part of the report. Document TD/B/L.503/Add.1 contained the texts of the statements made at the Working Party's seventh meeting, at the conclusion of the consideration of the medium-term plan.
6. Mr. BRILLANTE (Philippines) said that he had been struck by several passages in the statement by the Deputy Secretary-General of UNCTAD (TD/B/L.503/Add.1, p. 9). In paragraph 7 of that statement, the Deputy Secretary-General had drawn attention to the lack of clarity regarding the role of bodies such as the Trade and Development Board and the Industrial Development Board in the medium-term planning exercise, since there were no references to those bodies in the instructions received from Headquarters.
7. In the circumstances, he formally proposed that the Board should take a decision that it was fully competent to participate in the medium-term planning of activities within the terms of reference of UNCTAD.

8. He had noted with satisfaction the observation in paragraph 3 of the Deputy Secretary-General's statement that "The planning exercise may well benefit from a greater involvement of Government representatives with specialized knowledge". It was unfortunate, therefore, that, of the 10 specific programmes considered by the Working Party, only one - concerning economic co-operation among developing countries - had been prepared with the co-operation of the relevant committee. All the other parts of the medium-term plan had been prepared without the approval - and very possibly even without the knowledge - of the relevant committees. He recalled, in that connexion, that the powers of the Secretary-General of UNCTAD had been widened to enable him to hold informal inter-group consultations on pending matters. There could thus be no difficulty in consulting the member Governments of UNCTAD with respect to the preparation of the medium-term plan, which was the concern not only of the secretariat but of the member Governments as well. While it would certainly be difficult to arrange for consultations on the preparation of the budget, approval of the medium-term plan did not involve the appropriation of financial resources.

9. All in all, it would be useful for the Board to express its view that, in the future preparation of medium-term plans, consultations with member Governments should be held by the Secretary-General of UNCTAD or, on his behalf, by the Director concerned with each specific programme.

10. The PRESIDENT, referring to the second point made by the representative of the Philippines, said that it would undoubtedly be in the interests of UNCTAD for such consultations to be held. It appeared that that was the consensus view of the Board as a whole, a fact which the secretariat would certainly note.

11. Mr. IZMAY (Union of Soviet Socialist Republics), speaking on behalf of Group B, said that, as they had already stated in the Working Party, the Group B countries regarded the proposals and recommendations made by the Secretary-General of the Conference in document TD/B/591 as no more than a first step towards the definition of the main measures to be taken by UNCTAD in 1980-1993. Regrettably, the serious delay in the submission of the document by the Secretary-General and the failure to hold the planned consultations had prevented Governments from studying the proposals and recommendations in depth and that situation was inevitably reflected in the results of the Working Party's efforts. The Working Party had attempted to compare the Secretary-General's suggestions with the decisions taken by States at sessions of the Conference and the Board; and the Group B countries regarded those efforts as a joint search for the most effective ways and means of carrying out UNCTAD's basic functions of promoting all international trade flows and solving trade-related development problems. They had striven in the Working Party to contribute to the elaboration of an optimistic version of the medium-term plan; and they continued to believe, in view of the nature of the Secretary-General's suggestions and the situation and period to which they referred, that those suggestions should be amended to take into account the constructive and concrete proposals which the Group B countries and other countries had put forward in the Working Party. The Group B countries

also considered that the Secretary-General should, in his further efforts to improve the medium term plan 1980-1985, take special care to ensure that proposals for a programme of work and for action to implement those proposals were based on the principle of the universality of UNCTAD, and that UNCTAD's activities would therefore contribute in increasing measure to the normalization and expansion of international trade relations, to the development of trade between all countries, especially countries - including Eastern and Western countries - with different social and economic systems, to the elimination of discrimination, protectionism and other barriers to international trade, and to the prevention of any new restrictions on such trade.

12. In view of the importance and complexity of the fundamental tasks of UNCTAD, constant attention must be paid to ways of increasing its efficiency. One of the principal ways of achieving that objective was to eliminate duplication between departments of the UNCTAD secretariat and between UNCTAD and other organizations. In that connexion, he re-emphasized the urgent need to improve the machinery both for internal co-ordination within the secretariat, i.e. between its various departments, and for external co-ordination with other organizations in the United Nations system. Greater economy in the running of the secretariat was also essential.

13. The Group B countries had been gratified to note that, during the consideration of document TD/B/691, a spirit of mutual understanding and support had continued to prevail, between themselves and the delegations of countries of the Group of 77, with respect to many of the key and fundamental aspects of UNCTAD's activities. That co-operation augured well for the success of the Working Party's efforts, provided that the Secretary-General took due account of its recommendations in drafting the final text of the medium-term plan.

14. Mr. ALLEN (United States of America) said that, since the representatives of Group B in the Working Party had endorsed the need for consultation in the preparation of the medium-term plan, Group B was able to support the proposal of the Philippines concerning such consultations. Nevertheless, he had some difficulty with the proposal that the individual committees should be able to look at the relevant portions of the medium-term plan, since that hardly seemed feasible in the light of the schedule for the committees' sessions.

15. With respect to the proposal that a declaration be made regarding the competence of the Board to participate in the medium-term plan exercise, he felt that such a declaration had in fact already been made in Board decision 196 (XVII), which had established the Working Party to consider the medium-term plan, make comments thereon and forward them to the appropriate authorities at Headquarters. That decision was surely tantamount to a declaration by the Board that it was competent to review the medium-term plan.

16. Mr. BRILLANTES (Philippines) said that, if that were so, he wondered why the Deputy Secretary-General should have stated that there was a lack of clarity regarding the role of bodies such as the Trade and Development Board in the medium-term plan exercise.

17. Mr. ROSSEN (Deputy Secretary-General of UNCTAD) said that, in his closing statement to the Working Party, he had addressed himself primarily to the question of consultation during the process of plan formulation, and had not overlooked the fact that the Board had decided to consider the medium-term plan through the intermediary of its Working Party.

18. The lack of clarity with regard to the involvement of Government representatives in the process of plan formulation arose from the fact that the medium-term plan was a global exercise. In his statement, he had also tried to point out that the medium-term plan differed from the programme budget, and that constraints existing in the case of the latter did not apply to the former.

19. While the secretariat was certainly prepared to arrange meaningful consultations with member Governments, he thought that it would be necessary to enter into discussions with the secretariat at Headquarters to see how the consultations with Government representatives during the process of plan formulation could best be fitted into the global exercise.

20. The PRESIDENT said that, if he heard no objection, he would assume that the Board wished to take note of the UNCTAD medium-term plan for 1980-1983 (TD/B/691 and Corr.1) and of the report of its Working Party on the medium-term plan (TD/B(XVII)/WP/L.1 and Add.1-10 and TD/B/L.924 and Add.1).

21. It was so decided.

22. The PRESIDENT said that the Board might also wish to request the Secretary-General of UNCTAD to transmit the report, together with the comments thereon, to the appropriate United Nations bodies for their consideration.

23. It was so decided.

MATTERS REQUIRING ACTION BY THE BOARD ARISING FROM OR RELATED TO REPORTS AND ACTIVITIES OF ITS SUBSIDIARY AND OTHER BODIES (agenda item 5) (continued):

(a) COMMODITY TRADE: TUNGSTEN (TD/B/693)

24. The PRESIDENT said that, after prolonged informal discussions, a compromise text had been arrived at for the Board's decision regarding the report of the Committee on Tungsten (TD/B/693). The text read as follows:

"The Trade and Development Board decides in the light of the report of the eleventh (special) session of the Committee on Tungsten to request the Secretary-General of UNCTAD to convene a Preparatory Working Group to further examine and assess proposals for the stabilization of the world tungsten market.

"Towards this end the Trade and Development Board requests the Secretary-General of UNCTAD to convene a negotiating conference or to take the necessary steps for the establishment of any appropriate forum on tungsten, provided that upon the completion of the preparatory work, if possible, by the end of 1973, producer and consumer member Governments agree that an adequate basis exists for such action and that a successful outcome could reasonably be expected."

25. He took it that the text was acceptable to the Board.

26. Mr. GLENN (Australia) said that, in view of all the discussions of the past 15 years on possible stabilization measures for the international tungsten market, and because his delegation had hoped that agreement would be reached at the current session on the organization of a negotiating conference on tungsten, it could not fail to express its disappointment at the outcome of the most recent deliberations. However, in view of the importance attached to the consensus procedure, it was prepared to endorse the text of the draft decision. It had nevertheless been requested by the delegations of most of the producing countries to express reservations concerning the phrase "or to take the necessary steps for the establishment of any appropriate forum on tungsten". His delegation's endorsement of the draft decision in no way meant that it had relinquished its view that a negotiating conference should be convened in order to devise an agreement aimed at stabilizing the tungsten market.

27. Mr. STARR (United States of America) said that his delegation endorsed the compromise text, and was prepared to consider questions relating to tungsten and possible stabilization measures in the working group provided for in that text. Although all delegations had agreed that there was instability in the tungsten market, there was little agreement on the means of dealing with that instability. His delegation therefore wished to place on record the following statement of reservation:

"The current producer proposal has already been extensively examined in the Committee on Tungsten and by the Group of Experts. We have concluded that it is not a feasible or desirable proposal. Therefore, we will not participate in further review of the proposal in the working group. We also have fundamental problems with the Canadian proposal because of its open-ended nature and the possible inclusion of binding economic provisions at a later date. We continue to believe that the proposal submitted by five consuming countries for a producer/consumer forum has great merit. We hope producers and consumers will give it further review and favourable consideration in the working group."

28. Mr. LI (China) said that his delegation had always supported the conclusion of an international agreement on tungsten through negotiation, and had rejected the replacement of such an agreement by any so-called consultative forum. Although tungsten was not included in the Integrated Programme for Commodities, the solution to the question of tungsten as a primary product should, in his delegation's opinion, be in conformity with the principles for the solution of questions of primary products, as provided for in the Declaration on the Establishment of a New International Economic Order and the Programme of Action adopted at the sixth special session of the General Assembly, and also with the objectives of the Integrated Programme for Commodities as contained in Conference resolution 93(IV). The considerable work undertaken by the UNCTAD Committee on Tungsten, and also by the tungsten-producing countries, provided a good basis for the negotiation of an international agreement on tungsten. It was now time to negotiate such an agreement, and the Board's deliberations at the current session should have been aimed at deciding on the convening of a negotiating conference on tungsten. The establishment of a forum as provided for in the second paragraph of the Draft Decision might have the effect of undermining and postponing the necessary negotiations.

29. Mr. CABALLERO-TRIAYO (Bolivia) said that his delegation's views were largely similar to those expressed by the delegations of Australia and China. The instability of the tungsten market was particularly disturbing for his own country, in whose economy mineral production was of fundamental importance. In a spirit of compromise, his delegation had endorsed the inclusion in the draft decision of the reference to a forum on tungsten. It nevertheless hoped that that reference would not mean that the views expressed by almost all the producing countries and by several consuming countries in the Group of Experts would be given the same weight as those expressed by a minority in that Group.

30. Mr. FORAN (Chief, Office of Administration), in a statement on the financial implications of the draft decision, said that the preparatory working group, the negotiating conference and the appropriate forum on tungsten referred to in the draft decision were not provided for in the existing calendar of meetings. The estimated cost of a preparatory working group was \$102,000, a figure which had been calculated on the basis of two one-week sessions requiring one team of interpreters for five languages, 40 pages of documentation for the first session and 160 pages for the second. The financial implications of the first session were \$30,000 and those of the second were \$72,000.

31. The estimated cost of a negotiating conference was \$298,000, which was based on a four-week session requiring two teams of interpreters for five languages and one team of interpreters for three languages, and 310 pages of documentation.

32. If the Secretary-General of UNCTAD were to take the necessary steps for the establishment of an appropriate forum on tungsten, the estimated cost would be \$30,000, based on a one-week session requiring one team of interpreters for five languages and 40 pages of documentation.

33. Mr. CACERES (Mexico) said that his delegation wished to associate itself with the reservations expressed by the Delegations of Australia, China and Bolivia concerning the establishment of a forum. In its opinion, a negotiating conference was necessary in order to reach an agreement acceptable to all the parties concerned. It agreed with the Bolivian delegation that the Secretary-General of UNCTAD should take account of the majority view expressed by the producing countries and members of the Group of 77 that a negotiating conference should be held.

34. Mr. ARYAPRUCHYA (Thailand) expressed his delegation's disappointment at the outcome of the discussions at the current session. In a spirit of compromise it had endorsed the draft decision, but regretted that after so many years of discussion it had not proved possible to reach agreement on the convening of a negotiating conference. His delegation wished to associate itself with the reservation expressed by the Australian delegation.

35. Mr. STREEB (United States of America) expressed alarm concerning the financial implications of the draft decision and the paperwork which it might generate. The documentation threatened to be extensive enough to fill the two ore-carriers that were needed to transport all the tungsten traded in the world, and the cost might exceed the value of the total world trade in tungsten.

36. The PRESIDENT said that if there was no objection, he would take it that the Board wished to adopt the draft decision, subject to the reservations which had been expressed.

37. It was so decided.

38. Mr. LALOUX (Belgium) said that his delegation wished to draw attention to the unsatisfactory wording of the beginning of the second paragraph of the decision: the words "Towards this end" were unclear and misleading. His delegation had nevertheless endorsed the compromise text in order to facilitate its adoption by consensus, and in view of the lateness of the hour.

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS (agenda item 7)
(continued):

(f) REVIEW OF THE CALENDAR OF MEETINGS (TD/B/L.502 and Add.1) (continued)

39. Mr. STORDEL (Deputy Director and Officer-in-Charge of the Manufactures Division), said that before the Board took a decision concerning the postponement of the ninth session of the Committee on Manufactures, it might wish to take some action concerning two items on the agenda for that session. Those two items were "Restrictive business practices" and "Trade and industrial co-operation between the developed and the developing countries".

40. With regard to the former item, it would be recalled that the Board, at its seventeenth session, had taken note of the recommendation of the Committee on Manufactures that the Board should, in the light of the final report of the Third Ad hoc Group of Experts on Restrictive Business Practices, take appropriate action concerning institutional arrangements with regard to the negotiations of multilaterally-agreed equitable principles and rules for the control of restrictive business practices. In that connexion, the Board would be aware that the Group of Experts was currently holding its fourth session and that its fifth session was now scheduled for 10-21 July 1978. The apparent intention of the Committee on Manufactures had been that the Group of Experts should complete its work by its fifth session and report to the Committee at its ninth session, in order to enable the Board at its eighteenth session to take the recommended action.

41. With regard to the item "Trade and industrial co-operation between the developed and the developing countries", the Officer-in-Charge of the Manifa Affairs Division said that the secretariats of UNCTAD and UNIDO had agreed to propose that a joint UNCTAD/UNIDO expert group on trade and related aspects of industrial collaboration should be established. According to the agreement, the proposal was to be made to the Industrial Development Board at its session in May 1978 and to the Committee on Manufactures at its ninth session. In view of the postponement of the latter's session and in order to have the expert group established as soon as possible, one solution might therefore be to refer the matter to the Trade and Development Board at the first part of its eighteenth session for action.

42. The PRESIDENT said that, in view of the consensus reached by the secretariats of UNCTAD and UNIDO, it would seem desirable to establish the expert group on industrial collaboration arrangements as soon as possible. It was therefore suggested that item 4 (b)(iii) of the agenda for the ninth session of the Committee on Manufactures - "Trade and industrial co-operation between the developed and the developing countries" - under which the proposal to set up the expert group had been made, should be considered instead by the Board at the first part of its eighteenth session. If there were no objection, he would take it that the Board wished to accept that suggestion.

43. It was so decided.

44. With regard to the item "Restrictive business practices", the PRESIDENT said that if there were no objection, he would take it that the Board wished to request the Third Ad hoc Group of Experts on Restrictive Business Practices to submit its report on the third, fourth and fifth sessions to the Board at the first part of its eighteenth session, thereby enabling the Board to take appropriate action concerning the institutional arrangements for the negotiations of the principles and rules for the control of restrictive business practices.

45. It was so decided.

46. The PRESIDENT, referring to the Board's decision concerning tungsten, said he had been informed that it would be possible for the first session of the preparatory working group on tungsten to be held from 5 to 9 June 1978. The Board might wish to make provision in the calendar of meetings for 1978 for a further one week session of the preparatory group, in order to enable the Secretary-General to schedule such a session if it should be required.

47. The ninth session of the Committee on Manufactures had now been tentatively scheduled for 13-24 November 1978.

48. The Board should take note of the financial implications summarized in document TD/B/L.502/Add.1 and decide whether it approved the changes in the calendar of meetings for 1978 as outlined in document TD/B/L.502, taking into account the additional information provided by the Deputy Secretary-General concerning the resumption of the United Nations Conference to Negotiate an International Arrangement to Replace the International Wheat Agreement, 1971, as extended, and also the new dates for the ninth session of the Committee on Manufactures and the dates for the preparatory working group on tungsten.

49. If there were no objection, he would take it that the Board approved the changes in the calendar of meetings indicated in document TD/B/L.502, together with the amendments he had just mentioned.

50. It was so decided.

ADOPTION OF THE REPORT OF THE BOARD TO THE GENERAL ASSEMBLY (agenda item 9)

51. The PRESIDENT said that the Board's report on the second part of its seventeenth session would form part of its fourteenth annual report to the General Assembly at the thirty-second session.

52. Since the Board had met in resumed session for one day only, it might wish to authorize its report to be completed in the usual manner after the closure of the session.

53. If there were no objection, he would take it that the Board agreed to that suggestion.

54. It was so decided.

CLOSURE OF THE SESSION

55. The PRESIDENT declared closed the second part of the seventeenth session of the Board.

The meeting rose at 9.30 p.m.